

MINUTE ITEM

5/26/66

39. AUGMENTATION OF AGREEMENT, OIL AND GAS OPERATIONS, TIDE AND SUBMERGED LANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY; DEGOLYER AND MACNAUGHTON - W.O. 5200.203.1.

After consideration of Calendar Item 37 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AN AUGMENTATION OF THE CURRENT AGREEMENT IN THE AMOUNT OF \$18,000 WITH THE FIRM OF DEGOLYER AND MACNAUGHTON TO PROVIDE THE ADDED SERVICES RELATED TO ELECTRONIC DATA APPLICATIONS REQUIRED TO ANALYZE EFFECTIVELY THE STATE'S INTEREST THROUGH JUNE 30, 1966, IN CONNECTION WITH THE EXPLORATION, EVALUATION, DEVELOPMENT, AND RELATED OPERATIONS FOR THE PRODUCTION OF OIL AND GAS FROM THE LONG BEACH TIDELANDS. THIS CONTRACT AUGMENTATION IS SUBJECT TO APPROVAL BY THE DEPARTMENT OF GENERAL SERVICES.

Attachment

Calendar Item 37 (1 page)

AUGMENTATION OF AGREEMENT, OIL AND GAS OPERATIONS, TIDE AND SUBMERGED LANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY; DEGOLYER AND MACNAUGHTON - W.O. 5200.203.1.

On December 4, 1964, the Commission authorized the retention, under a service contract, of DeGolyer and MacNaughton, Consultants, to assist in evaluating bids received for the Contractor's interests in the Long Beach Unit, to prepare an outline of the scope of future service programs for the optimum development of oil and gas, and to make recommendations for the approval of initial development, production, and water injection programs for the economic and efficient recovery of oil and gas from the unitized areas of the Long Beach tidelands.

The Commission, at its meeting of January 26, 1966, authorized an augmentation of the agreement with DeGolyer and MacNaughton for an increased level of consulting services due to inability to recruit qualified State personnel until later in the fiscal year.

The field contractor, THUMS Long Beach, has undertaken a number of computer analyses which are optimized for the Unit as a whole. This necessitates studies being undertaken by the State to determine wherein the State's interest may vary from the Unit interest and the degree of variation. The categories of current computer interest are as follows:

1. Computer program studies being performed under the direction of Unit committees based upon economics to the total Unit.
2. Development of an economic program for the State's interest which will be processed on one of the State-owned computers, if available, or under service bureau contract.
3. Mathematical model studies presently under way to help define the best spacing and pattern configuration for the Ranger Zone in order to yield the highest ultimate economic oil recovery.

It is estimated that \$18,000 will be expended by DeGolyer and MacNaughton through June 30, 1966, in accomplishing the above work for the State.

Additionally, certain programs such as the evaluation of the computerized equity formula, the model studies, and computer organizations of routine field data are continuing projects which cannot be completed within this fiscal year.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AN AUGMENTATION OF THE CURRENT AGREEMENT IN THE AMOUNT OF \$18,000 WITH THE FIRM OF DEGOLYER AND MACNAUGHTON TO PROVIDE THE AIDED SERVICES RELATED TO ELECTRONIC DATA APPLICATIONS REQUIRED TO ANALYZE EFFECTIVELY THE STATE'S INTEREST THROUGH JUNE 30, 1966, IN CONNECTION WITH THE EXPLORATION, EVALUATION, DEVELOPMENT, AND RELATED OPERATIONS FOR THE PRODUCTION OF OIL AND GAS FROM THE LONG BEACH TIDELANDS. THIS CONTRACT AUGMENTATION IS SUBJECT TO APPROVAL BY THE DEPARTMENT OF GENERAL SERVICES.